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SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT
EUR/CARC, SCA (GALLAGHER, SUMAR)
DOE FOR FREDRIKSEN, HEGBORG, EKIMOFF

E.O. 12958: DECL: 09/12/2018

TAGS: EPET ENRG ECON PREL RS

SUBJECT: RUSSIA'S PROPOSED "COOPERATION" WITH OPEC

Classified By: Ambassador John R. Beyrle for Reasons 1.4 (b/d)

TO SHARE PRICE INFORMATION

¶1. (C) Deputy Premier (and Rosneft chairman) Igor Sechin headed a Russian delegation to the OPEC meeting in Vienna on September 9 and reportedly talked openly, in a session attended by the press, about expanding Russian "cooperation" with OPEC. According to press and a GOR website that posted a summary of Sechin's speech, Russia, which is not a member of the cartel, would share pricing and other related information with OPEC in an attempt to help stabilize prices, which have been steadily falling in recent weeks.

¶2. (C) OPEC's Secretary General was quoted in the press as saying the organization will review the MOU proposed by Russia, but neither he nor Sechin spoke of potential Russian membership in OPEC. Valery Pervukhin, Head of International Energy Cooperation at the Ministry of Energy's State Institute of Energy Strategy told us September 11 that Russia "has not changed the format of its participation in OPEC affairs." He said Russia has not considered, nor is it considering, joining the cartel. Pervukhin noted that Russia's proposal only involves sharing information on "prices and tendencies" in the world oil market in order for all involved to "adequately react" to the market.

COMMENT

¶3. (C) Russia wants to maintain high global oil prices but will not cut its production in support of that objective. This is especially true now that the government budget is coming under pressure and needs the revenue from oil and gas exports more than ever (septel). Moreover, Russia's contracts with Europe further limit their room for maneuver. We would argue that there is, therefore, a limit to the degree to which Russia can and will cooperate with OPEC, and vice-versa.

BEYRLE